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6 IN THE UNITED STATES DISTRICT COURT

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10 FOR THE NORTHERN DISTRICT OF CALIFORNIA

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IN RE ZORAN CORPORATION  
DERIVATIVE LITIGATION

No. C 06-05503 WHA

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**FURTHER REQUEST FOR  
INFORMATION**

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This document relates to:

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All Actions

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17 In addition to the information previously requested, counsel for all parties should  
18 address the following in their submissions:

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- 20 - How would the proposed repricing and cancellation of options be treated on  
Zoran's re-stated financial statements?
- 21 - Counsel should provide any and all known literature and case law that discusses  
how re-pricings and cancellations of the type proposed would result in value to  
Zoran.
- 22 - How does the 1.65 million gained from repricing and cancelling stock options  
take into account the time value of money from when the options were initially  
granted and/or exercised to the present? How would the time value of money  
be taken into account given that the re-priced options might not result in cash to  
the company for many years?

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1           - Please provide a list detailing all of the options, and the relevant exercise prices,  
2           granted to Levy Gerzberg, Karl Schneider, and Arthur Stabenow that have yet  
3           to be exercised. The list should be broken down by each individual defendant.  
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5           - At the hearing on the motion for preliminary approval, plaintiffs' counsel  
6           argued that repricing and cancelling stock options was a proper result, as  
7           opposed to cash compensation, because of its purported symmetrical nature to  
8           the alleged harm, *i.e.*, backdating. Had none of the options at issue in this  
9           action been exercised this argument may have merit because it simply would  
10           have been a non-cash expenditure at the time granted. The 1.65 million alleged  
11           to be backdated, however, comprises stock option grants that *have* actually been  
12           exercised by the individual defendants. Counsel should explain how the past  
13           cash shortfall of 1.65 million in the form of the exercised options is symmetrical  
14           to the non-cash credit the company would receive if the options were repriced  
15           or cancelled.  
16           - Please provide Black-Scholes analysis for all the options being repriced or  
17           cancelled using the stock price on February 26, 2008, the date of the actual  
18           stipulation by the parties (as well as the other dates earlier requested).

19           The parties are requested to seek no extension to the date of **MARCH 17, 2008 AT NOON**, for  
20           their submissions.

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22           **IT IS SO ORDERED.**

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24           Dated: March 5, 2008.

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26           WILLIAM ALSUP  
27           UNITED STATES DISTRICT JUDGE